

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-38260
4. Property Code 306739	5. Property Name HARKEY 35 STATE	6. Well No. 002H

UL - Lot A	Section 35	Township 24S	Range 27E	Lot Idn A	Feet From 760	N/S Line N	Feet From 330	E/W Line E	County EDDY
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WILLOW LAKE BONE SPRING, WEST	96415
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9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3163
14. Multiple N	15. Proposed Depth 12696	16. Formation Bone Spring	17. Contractor	18. Spud Date 12/1/2010
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit:	Liner: Synthetic <input type="checkbox"/> Closed Loop System <input type="checkbox"/>	mils thick <input type="text"/> Clay <input type="text"/>	Pit Volume: <input type="text"/>	bbls Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	600	625	
Int1	12.25	9.625	36	2250	775	
Prod	8.75	5.5	17	12696	2550	1750

H2S is not anticipated for this well.

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 122947

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-38260	2. Pool Code 96415	3. Pool Name WILLOW LAKE BONE SPRING, WEST
4. Property Code 306739	5. Property Name HARKEY 35 STATE	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3163

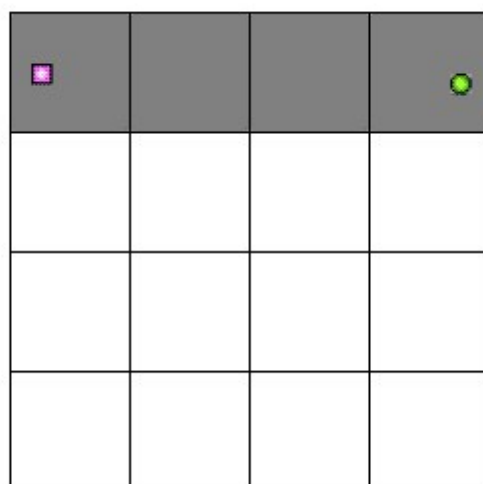
10. Surface Location

UL - Lot A	Section 35	Township 24S	Range 27E	Lot Idn	Feet From 760	N/S Line N	Feet From 330	E/W Line E	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot D	Section 35	Township 24S	Range 27E	Lot Idn D	Feet From 660	N/S Line N	Feet From 330	E/W Line W	County EDDY
12. Dedicated Acres 160.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Monti Sanders

Title:

Date: 11/10/2010

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Gary Jones

Date of Survey: 5/3/2010

Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: HARKEY 35 STATE #002H

API: 30-015-38260

Created By	Comment	Comment Date
MSANDERS	Pilot hole drilled vertically to 8600'. Well will be plugged back with 400'-500' kick off plug at approximately 7803' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 8600' MD (8280' TVD). If hole conditions dictate, 7" casing will be set.	11/10/2010
MSANDERS	A 6 1/8" hole will then be drilled to 12696' MD (8280' TVD) where 4 1/2" casing will be set and cemented. If 7" is not set, then hole size will be reduced to 7 7/8" and drilled to 12696' MD (8280' TVD) where 5 1/2" casing will be set and cemented.	11/10/2010
MSANDERS	Penetration point of producing zone will be encountered at 750' FNL and 807' FEL, 35-24S-27E. Deepest TVD in the well is 8600' in the pilot hole. Deepest TVD in the lateral will be 8280'.	11/10/2010
MSANDERS	MUD PROGRAM: 0-600' Fresh Water; 600'-2250' Brine Water; 2250'-8600' Cut Brine; 7803'-12696' Cut Brine (lateral). PRESSURE CONTROL EQUIPEMENT: 3000 psi system nipped up on 13 3/8" and 9 5/8" casing.	11/10/2010
MSANDERS	MAXIMUM ANTICIPATED BHP: 0-600 281 psi; 600-2250 1193 psi; 2250-8600 4114 psi.	11/10/2010
MSANDERS	C-144 for a Closed Loop System, Contingency Casing Design Plan and Drilling Plan to follow by mail.	11/10/2010

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: HARKEY 35 STATE #002H

API: 30-015-38260

OCD Reviewer	Condition
Artesia	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string